



“How to” Match Your Core Capabilities with Government and Industry Partners

John Phillips, MG (R)

**PRESIDENT – Phillips Defense Consultants
(Former) Deputy Under Secretary of Defense Logistics**

Co-Author:

Jennifer Bisceglie

PRESIDENT – InTEROS Solutions



18th Annual High-Tech Conference

Sponsored by the JPL Business Opportunities Office

Tuesday March 7 and Wednesday March 8, 2006



- **THE NATIONAL OBJECTIVES**
- **THE FEDERAL BUDGET**
- **SMALL BUSINESS SHARE OF CONTRACT ACTIONS-2004**
- **SMALL BUSINESS ECONOMIC IMPACT**
- **ADVANTAGES IN FEDERAL CONTRACTING**
- **BUSINESS PITFALLS**
- **FEDERAL CONTRACTING CHALLENGES**
- **RECOMMENDATIONS**
- **CASE STUDY: IBM SMALL BUSINESS PROGRAM**
- **BUSINESS OPPORTUNITIES**

ATHENA MARS EXPLORATION ROVERS ONLINE AT ATHENA.CORNELL.EDU

PICTURED: COMPUTER MODEL OF A ROVER ON MARS
PHOTO COURTESY: MARS DIGITAL, LLC

The National Objectives

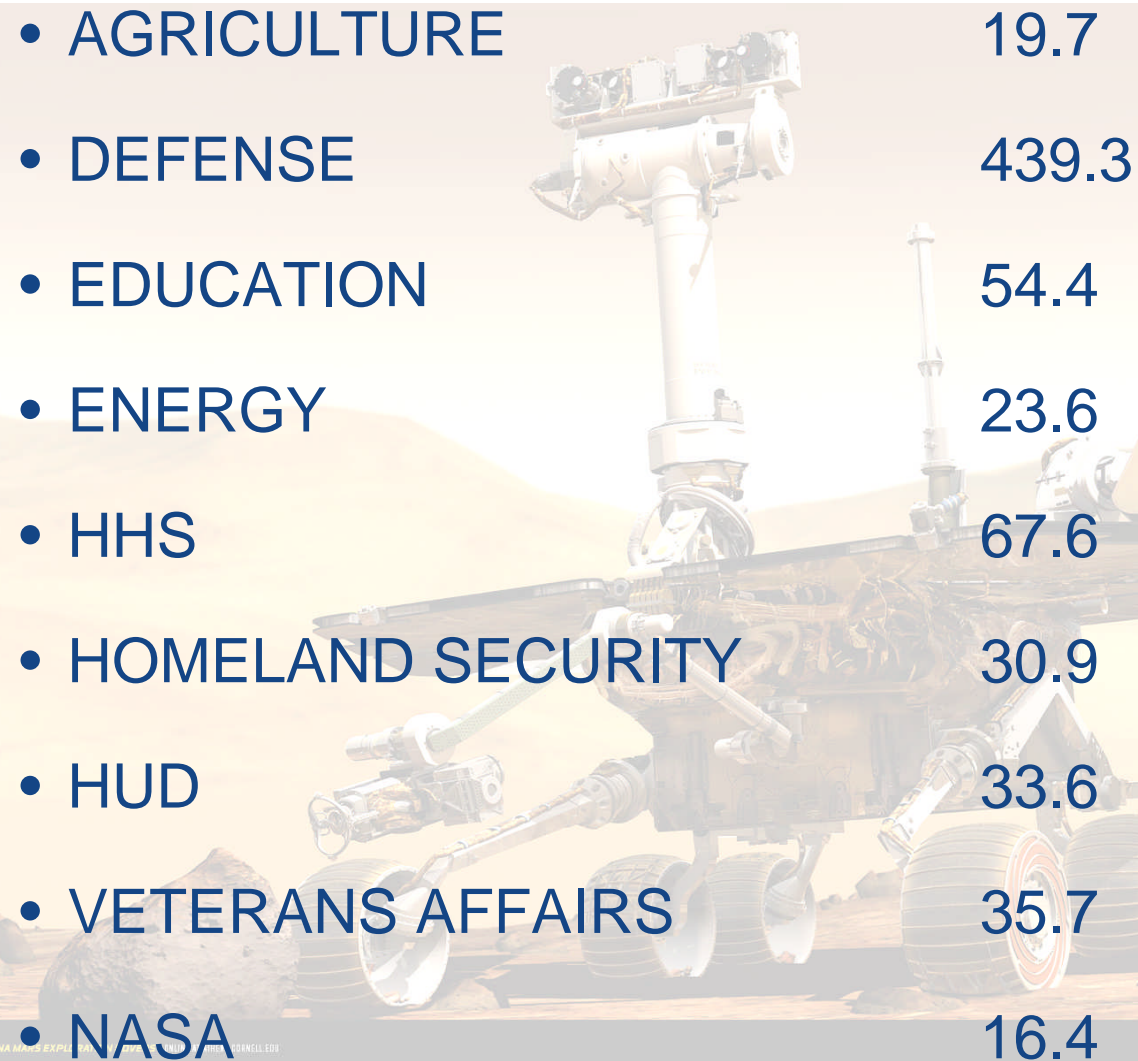


- Defeat Global Terrorism
- Develop and Field Advanced War fighting Capabilities
- Strengthen Intelligence
- Denying Enemy Sanctuary
- Conducting Network Centric Operations
- Continue Developing the International Space Station and Space Vehicles
- Continue Exploration of the Solar System

ATHENA MARS EXPLORATION ROVERS ONLINE AT ATHENA.CORNELL.EDU

PICTURED: COMPUTER MODEL OF A ROVER ON MARS
PHOTO COURTESY: MARS DIGITAL, LLC

The Federal Budget 2007 (\$B)



• AGRICULTURE	19.7
• DEFENSE	439.3
• EDUCATION	54.4
• ENERGY	23.6
• HHS	67.6
• HOMELAND SECURITY	30.9
• HUD	33.6
• VETERANS AFFAIRS	35.7
• NASA	16.4

Small Business Share of Contract Actions-2004



Agency	Total	Small Business	%
Total (\$B)	299, 886, 098	59, 228, 772	23
DoD	210, 742, 333	46, 228, 772	22
GSA	7, 470, 718	23, 161, 604	42
DHS	7, 892, 963	2, 339, 001	13
VA Dept	8, 435, 595	2, 263, 846	27
Homeland – S	4, 435, 595	1, 709, 076	38
DOE	21, 987, 386	918, 252	4

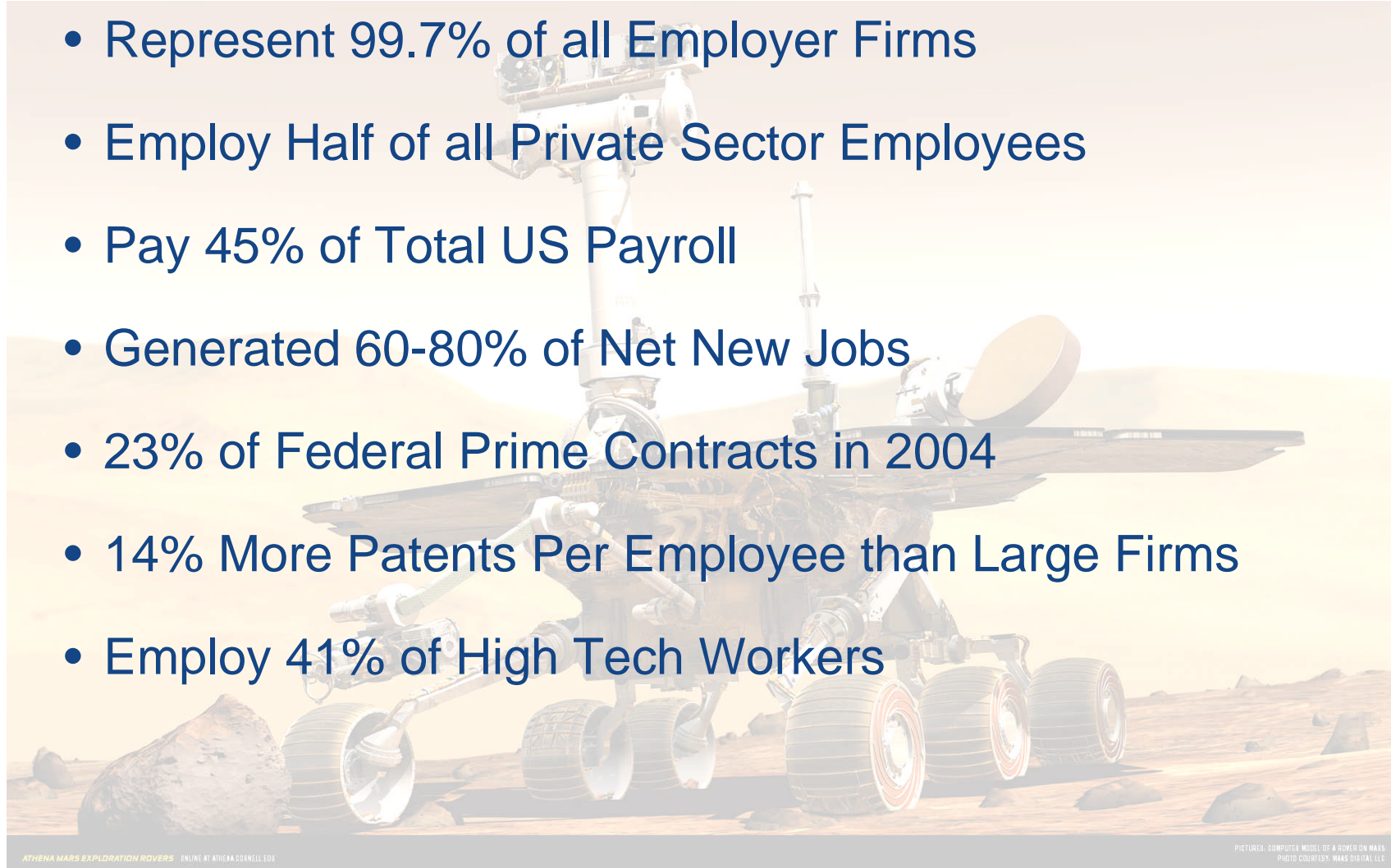
ATHENA MARS EXPLORATION ROVERS ONLINE AT ATHENA.CORNELL.EDU

PICTURED: COMPUTER MODEL OF A ROVER ON MARS
PHOTO COURTESY: MARS DIGITAL, LLC

Small Business Economic Impact



- Represent 99.7% of all Employer Firms
- Employ Half of all Private Sector Employees
- Pay 45% of Total US Payroll
- Generated 60-80% of Net New Jobs
- 23% of Federal Prime Contracts in 2004
- 14% More Patents Per Employee than Large Firms
- Employ 41% of High Tech Workers



ATHENA MARS EXPLORATION ROVERS ONLINE AT ATHENA.CORNELL.EDU

PICTURED: COMPUTER MODEL OF A ROVER ON MARS
PHOTO COURTESY: MARS DIGITAL, LLC

Federal Contracting Advantages



- Long Term Contracts
- Prompt Payment
- Power of Incumbency
- Small Business Cost Structure
- Social Engineering



ATHENA MARS EXPLORATION ROVERS ONLINE AT ATHENA.CORNELL.EDU

PICTURED: COMPUTER MODEL OF A ROVER ON MARS
PHOTO COURTESY: MARS DIGITAL, LLC



- E-BUSINESS EXCESSES
- PAST PERFORMANCE
- UNDERSTANDING THE HUMAN SIDE OF BUSINESS
- PRIME - SUB-CONTRACTOR FUNDS FLOW
- BUNDLING OF CONTRACTS



ATHENA MARS EXPLORATION ROVERS ONLINE AT ATHENA.CORNELL.EDU

PICTURED: COMPUTER MODEL OF A ROVER ON MARS
PHOTO COURTESY: MARS DIGITAL, LLC



Case Study: **IBM Small Business Program**

A 3-step Approach



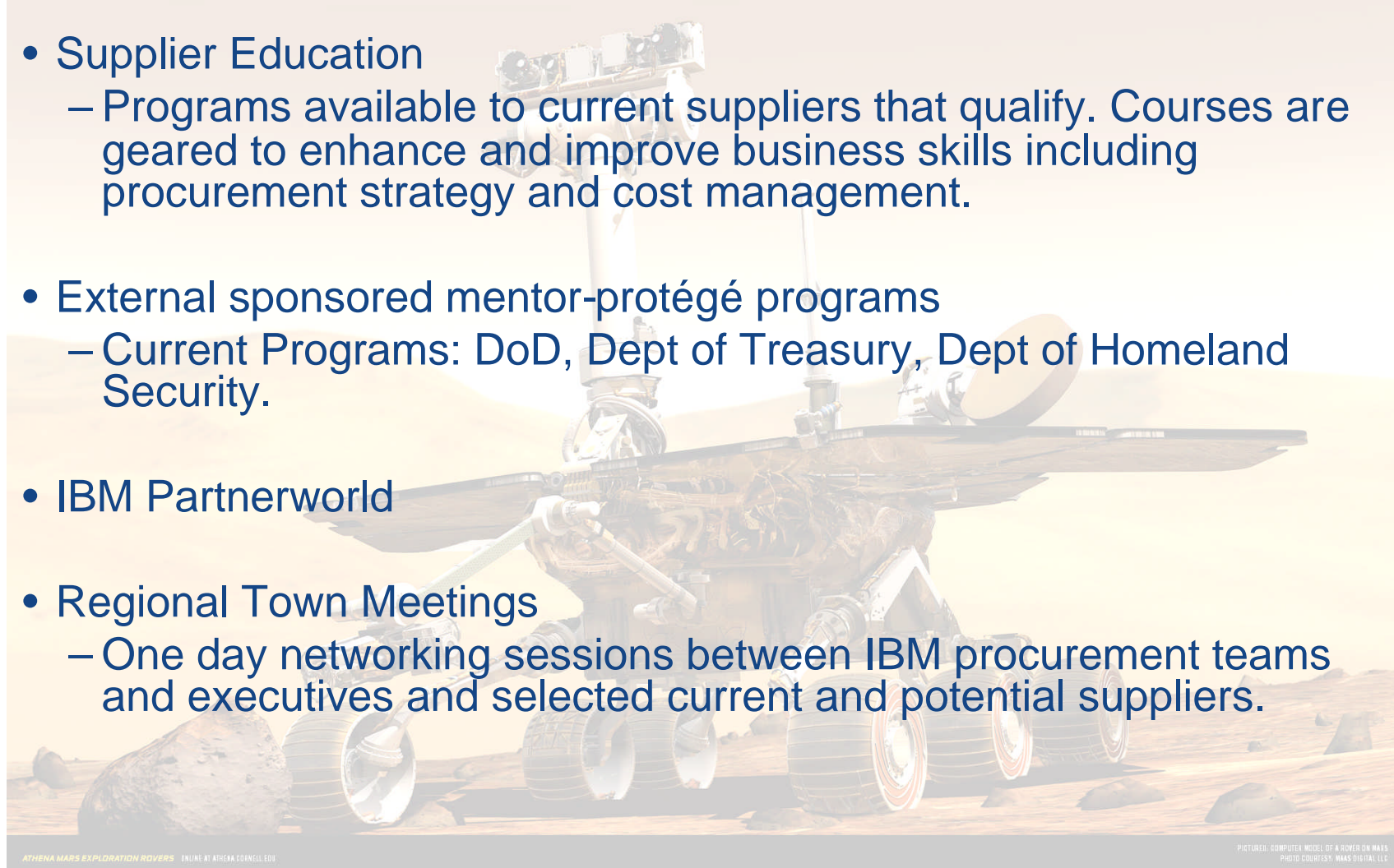
ATHENA MARS EXPLORATION ROVERS ONLINE AT ATHENA.CORNELL.EDU

PICTURED: COMPUTER MODEL OF A ROVER ON MARS
PHOTO COURTESY: MARS DIGITAL, LLC

Infrastructure: Supplier Development



- Supplier Education
 - Programs available to current suppliers that qualify. Courses are geared to enhance and improve business skills including procurement strategy and cost management.
- External sponsored mentor-protégé programs
 - Current Programs: DoD, Dept of Treasury, Dept of Homeland Security.
- IBM Partnerworld
- Regional Town Meetings
 - One day networking sessions between IBM procurement teams and executives and selected current and potential suppliers.



ATHENA MARS EXPLORATION ROVERS ONLINE AT ATHENA.CORNELL.EDU

PICTURED: COMPUTER MODEL OF A ROVER ON MARS
PHOTO COURTESY: MARS DIGITAL, LLC

Infrastructure: Supplier Development



- Performance feedback
 - Timely feedback in order to recognize success and identify areas needing development. IBM annually recognizes most valued small business suppliers in its various divisions.
- Equipment Loans
 - IBM loans equipment to qualified small and diverse businesses which serves to increase their competitiveness for subcontracting opportunities.
- IBM Global Financing (IGCF)
 - Offers specialized financing programs for IBM suppliers that qualify.



ATHENA MARS EXPLORATION ROVERS ONLINE AT ATHENA.CORNELL.EDU

PICTURED: COMPUTER MODEL OF A ROVER ON MARS
PHOTO COURTESY: MARS DIGITAL, LLC

Criteria: General guide of our consideration criteria



- **Must haves:**

- Registered in CCR
- Knowledge and experience of various federal contract vehicles: Cost, Award, Fixed Price etc.
- Strong technical certifications
- Strong Business Development capabilities
- D&B rated
- Business classifications for WOSB and SDVOSB require additional certifications*

- **Preferred:**

- Min. 3 years in business
- Minimum 45 employees



ATHENA MARS EXPLORATION ROVERS ONLINE AT ATHENA.CORNELL.EDU

PICTURED: COMPUTER MODEL OF A ROVER ON MARS
PHOTO COURTESY: MARS DIGITAL, LLC

Criteria: General guide of our consideration criteria



- **Generally a Plus:**

- Specific RFP interests w/core competencies in the requirements
- Security clearances
- Geographic presence
- GSA schedule
- Strong Past performance
- Industry recognized awards



ATHENA MARS EXPLORATION ROVERS ONLINE AT ATHENA.CORNELL.EDU

PICTURED: COMPUTER MODEL OF A ROVER ON MARS
PHOTO COURTESY: MARS DIGITAL, LLC

Focus: Subset of current priorities



Identify and recruit small/diverse businesses that deliver skills in:

- Security technology
- System integration, installation and deployment
- Data center design, build and consolidation
- Video surveillance
- Storage
- IT optimization
- Managed services
- Network architecture
- Linux technology
- Have security clearances / geographic presence / strong past performance



Federal Contracting Challenges



- Federal Acquisition Regulation
- Tax Payer Dollars
- Sub-Contractor Squeeze
- Power of Incumbency
- Protracted Procurement Process
- Past Performance Track Record
- Value Pricing
- Best Value Evaluations
- Tyranny of the Wall Street Analyst
- Constrained Profit Margins
- Base Contract Period

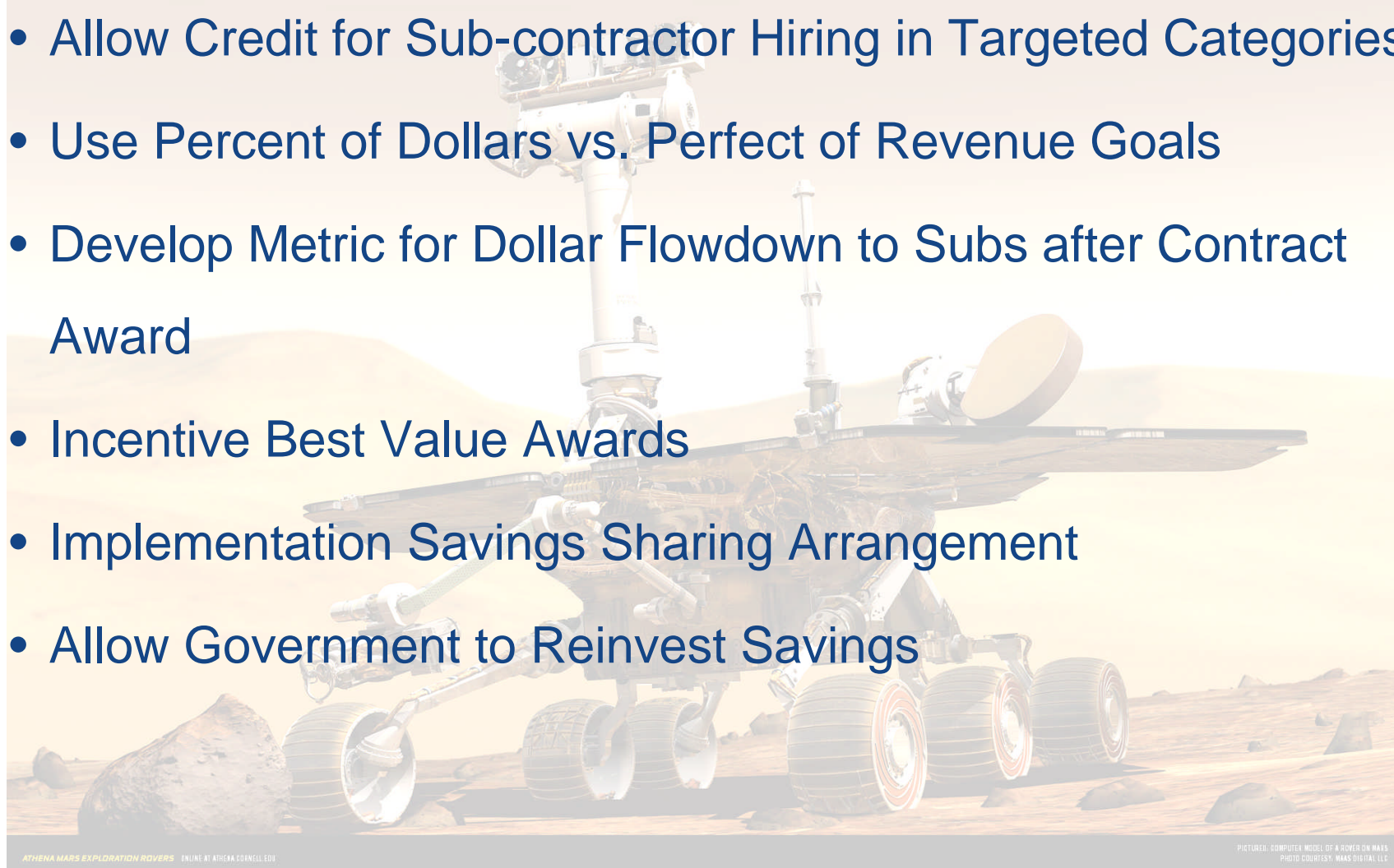


ATHENA MARS EXPLORATION ROVERS ONLINE AT ATHENA.CORNELL.EDU

PICTURED: COMPUTER MODEL OF A ROVER ON MARS
PHOTO COURTESY: MARS DIGITAL, LLC



- Allow Credit for Sub-contractor Hiring in Targeted Categories
- Use Percent of Dollars vs. Percent of Revenue Goals
- Develop Metric for Dollar Flowdown to Subs after Contract Award
- Incentive Best Value Awards
- Implementation Savings Sharing Arrangement
- Allow Government to Reinvest Savings



ATHENA MARS EXPLORATION ROVERS ONLINE AT ATHENA.CORNELL.EDU

PICTURED: COMPUTER MODEL OF A ROVER ON MARS
PHOTO COURTESY: MARS DIGITAL, LLC



- SYSTEMS INTEGRATION
- SENSORS-BIOMETRICS
- ROBOTICS
- NANOTECHNOLOGY
- RADIO ISOTOPE ENERGY CELLS
- RFID / UID TECHNOLOGY
- ENERGY-ALTERNATIVE FUELS
- BIOLOGICAL AND PHYSICAL RESEARCH
- AERONAUTICS RESEARCH
- SPACE OPERATIONS



ATHENA MARS EXPLORATION ROVERS ONLINE AT ATHENA.CORNELL.EDU

PICTURED: COMPUTER MODEL OF A ROVER ON MARS
PHOTO COURTESY: MARS DIGITAL LLC



- Federal Government has a Social Conscience
- 27% Set Aside Goal
- Small Business is the Economic Growth Engine
- Big Industry is Incentivized to Team
- Must Understand the Federal Procurement Process
- Intellectual Capital is Vested in Individuals



ATHENA MARS EXPLORATION ROVERS ONLINE AT ATHENA.CORNELL.EDU

PICTURED: COMPUTER MODEL OF A ROVER ON MARS
PHOTO COURTESY: MARS DIGITAL, LLC



Thank You



ATHENA MARS EXPLORATION ROVERS ONLINE AT ATHENA.CORNELL.EDU

PICTURED: COMPUTER MODEL OF A ROVER ON MARS
PHOTO COURTESY: MARS DIGITAL, LLC